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17 June 1985

Portugal: Return to Government Instability? [redacted]

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Summary

The Social Democratic Party's withdrawal on 13 June from the governing coalition -- the longest lived since the revolution of 1974 -- opens a period of political maneuvering in which the prizes are control of the next government and victory in the presidential election at the end of the year. The next step is for President Eanes to decide whether to appoint an interim government or call an early parliamentary election. There is a good chance he will have to go the latter route, because the Social Democrats are unlikely to support a socialist minority government. All of this will set the stage for the presidential election, which is likely to be hotly contested by three major candidates -- Socialist Prime Minister Mario Soares, rightist candidate Diogo Freitas do Amaral, and former Prime Minister Maria de Lourdes Pintasilgo, an independent with strong leftist support. [redacted]

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The collapse of the coalition is a setback for Portugal's fragile democracy, but in our view does not yet pose a threat to the system. And the most likely outcomes of the current maneuvering would leave Portugal's friendly relations with the United States basically intact. US interests could be damaged in the unlikely event that Pintasilgo wins the presidential election -- she

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is sharply critical of US foreign policy and may have Communist support. Over the longer term, we see the possibility of a threat to democracy if party squabbles continue to prevent a coherent approach to solving the country's social and economic problems. That could lead to a disenchanted electorate and create conditions that would encourage the military to intervene once again in politics. [redacted]

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Eanes - A Key Actor Again

The Social Democrats' decision to withdraw from the government has put the political initiative squarely into the hands of President Eanes. Given the differences among leading politicians as they jockey for position in the presidential race, we doubt that Eanes can find a formula that will lead to a full-fledged majority government. In our view, he has three options -- appointing a minority socialist government, setting up a caretaker government to govern until the presidential election, or calling an early parliamentary election. [redacted]

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Embassy and press reports indicate that Eanes is leaning toward asking the Socialists to form a minority government. He may be hesitant to choose a non-partisan caretaker government, given the parties' refusal in the past to support such cabinets. Moreover, such a government would be constitutionally unable to act on anything other than "strictly necessary" measures. [redacted]

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The Social Democrats, however, are calling for an early election, perhaps because they think there is a chance they can overtake the Socialists in the voting. Some members of the Socialist Party are also publicly calling for an early election, because they believe the polls are now favorable to them. Eanes reportedly is reluctant to call an early election, probably because he believes it will more or less confirm the present political lineup and resolve nothing. He must also recognize that the Democratic Renewal Party -- a still-forming collection of his supporters -- is not ready to contest an election. [redacted]

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In the end, Eanes may have no choice but to call an early election, if the Social Democrats refuse to support a minority Socialist cabinet, and the Socialists reject a non-party government. Regardless of what government is installed in the next week or so, we think that very little serious business will

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be transacted by Lisbon over the next six months, because the focus of Portuguese politics will quickly shift to the presidential contest. [REDACTED]

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The Presidency: Balance Wheel of the System

The Portuguese presidency is an important position because the incumbent appoints the prime minister, approves legislation, and dismisses parliament. The instability of governing coalitions, however, has allowed the president to assume a more active role in shaping politics than is prescribed by constitution. Since 1976, Eanes has intervened in the political process on a number of occasions, taking decisions the parties argued were contrary to election results or to the will of the parties. In 1983, for example, he acted against the advice of the Council of State -- a presidential advisory body that includes leaders of the parties represented in the Assembly -- by dismissing parliament and calling an election, rather than accept the governing parties' candidate to replace a prime minister who had resigned. [REDACTED]

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Eanes has served the constitutionally permitted two terms and there is no clear successor to him. Would-be successors, however, already have begun lining up, including Prime Minister Mario Soares, political activists of both the left and right, and even a few senior military leaders. [REDACTED]

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The Lineup

Competition and Confusion in the Center-Left

Soares has not formally thrown his hat into the ring, but we believe he views the presidency as the capstone of his career. Having spent years coping with difficult economic and political problems, he may be attracted both to the prestige of the position and the relief from day-to-day governing responsibilities. Although the stringent austerity policies of his government may have damaged his standing among the electorate, his Socialist Party -- which won 36 percent of the vote in the 1983 election -- appears to have largely closed ranks around his presumed candidacy. [REDACTED]

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The Social Democrats, who won 27 percent of the vote in 1983, are still looking for a candidate to challenge Soares. They compete with the Socialists for much the same slice of the electorate, and are reluctant to concede the presidency to them. The Social Democrats' first choice, Army Vice Chief of Staff Firmino Miguel, threw them into confusion in early April by

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suddenly withdrawing. During their National Congress in May, Anibal Cavaco Silva, the new party leader, advocated supporting the candidacy of rightist Diogo Freitas do Amaral, but was unable to win the support of the party for the former Center Democratic leader. Nevertheless, the Embassy reports that Cavaco Silva has not given up entirely on the idea. [redacted]

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Hope and Fear on the Right

The Center Democrats -- the third-largest party with 12 percent of the vote in 1983 -- have been wooed by both the Socialists and Social Democrats. Early predictions were that the party would back a Social Democratic candidate in the hopes of reforging the Democratic Alliance coalition that held power from 1979 to 1983.* The continuous Social Democratic bickering, however, may have prompted Center Democratic leader Lucas Pires to look toward the Socialists. According to a published letter, Lucas Pires in April offered Soares the possibility of his support in return for certain constitutional concessions, primarily purging the remaining socialist features from the constitution. The prospect of Center Democratic-Socialist cooperation, however, now appears to have evaporated with the return to politics and candidacy of Freitas do Amaral. [redacted]

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Freitas do Amaral -- Recapturing his Following?

Former Center Democratic chief Diogo Freitas do Amaral is perhaps the only civilian politician with the charisma and stature to rival Soares. Like Soares, he has held many senior government positions and projects a clean, dignified, and statesmanlike image. Unlike Soares, he has a reputation as an effective administrator. [redacted]

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His candidacy has evoked mixed emotions among the Social Democrats. Those Social Democrats with an interest in recreating

*The rightist Democratic Alliance was made up of Social Democrats, Center Democrats, and a few Monarchists. It is the only majority government that has been elected since the promulgation of the constitution in 1976. The Alliance tried to excise from the constitution the socialist tenets favored by its leftist authors, but had to compromise with the Socialists to meet the required two-thirds majority of deputies. The death of Social Democratic leader Sa Carneiro created a power vacuum that opened the party to continuous infighting among the party barons. Their power struggles forced the early legislative election in 1983 and led to the break with the Socialists. [redacted]

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the Democratic Alliance are enthusiastic and might back him in large numbers. Other Social Democrats reportedly oppose him because they see him as a threat to their party. We believe they suspect that he wants to create a new rightist party that would combine elements of their party with the Center Democrats. They may also consider him unreliable; Freitas do Amaral, for example, sniped at Prime Minister Balsemao and then resigned as deputy prime minister, contributing to that government's eventual fall in 1983. [redacted]

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Even for the Center Democrats, Freitas do Amaral's return to politics presents problems as well as opportunities. Party leader Lucas Pires probably fears for his tenure as party chief, and we suspect he has grounds for concern. Freitas do Amaral's return, indeed, may lead his supporters to oppose Lucas Pires' attempts to reorient the Center Democrats from a conservative Christian Democratic creed to a traditional liberal philosophy. [redacted]

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And on the Left . . .

The left is no more free of turmoil than the center and right. At present, independent former Prime Minister Maria de Lurdes Pintasilgo is the leading leftist candidate, even though she is undeclared and is not publicly backed by any party or movement. Pintasilgo's political orientation is vaguely leftist, and to woo Communist voters, she has adopted some of the rhetoric of Communist Party leader Alvaro Cunhal, especially on agricultural reform and the dangers of the EC. She also backs Third World views on international economic issues and is highly critical of the United States on matters such as arms control and Central America. [redacted]

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She has consistently outpolled all other contenders in opinion polls, and reportedly is banking on her independent status to appeal to voters who want a president who will remain above the political fray. The Communist Party has suggested publicly that it may support her, and the press reports that she has strong backing among some members of the Democratic Renewal Party. [redacted]

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Despite Pintasilgo's standing in the polls, her candidacy may suffer from the lack of support of her former sponsor, President Eanes. Eanes appointed her interim prime minister in 1979. In another illustration of the fickleness of Portuguese political alliances, however, he reportedly opposes her candidacy and may seek to prevent the Renewal Party from supporting her [redacted]

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Outlook

The collapse of the Socialist-Social Democratic coalition is a discouraging sign for Portuguese democracy. Many long-time observers of Portuguese politics thought the coalition held more promise than previous governments for dealing with the country's mounting problems. The parties' overwhelming majority in parliament and their similar policy goals should have made policy choices and implementation easier. The inherent factionalism and personalistic nature of Portuguese politics, however, doomed the coalition to failure. Given the continuing factional infighting, particularly in the Social Democratic Party, the situation is unlikely to improve soon. [REDACTED]

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Despite the elusiveness of stable government in Portugal, US interests are not likely to be damaged by the most probable outcomes of the current maneuvering. All of the democratic parties are basically friendly to the United States -- including the Social Democrats, who have criticized the United States for allegedly favoring Soares above other politicians. [REDACTED]

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The main potential danger we see stems from the remote chance that the voters might reject the presidential candidates supported by the democratic parties and opt for Pintasilgo. Her ascendancy at worst might give the Communists a sympathetic ear at the national level and lead to some attenuation of Portuguese ties with the United States. A more likely outcome would be an institutional crisis between the government and the presidency, since Pintasilgo's views are at great variance with those of the party elites. This would clearly not be in the interests of the United States, since it would inhibit the functioning of government and lead to governmental delays in responding to US security requests. [REDACTED]

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We do not think that the present turmoil poses any immediate threat to the democratic system. That system is still very young, and much of the current turmoil is the result of unfamiliarity of the politicians with the necessity of compromise in a democratic system. Over the longer term, continuing bickering and policy paralysis might lead to weakened public support for democracy. In those circumstances, it is not inconceivable that the military would be tempted to intervene again. There are no signs at present that the military is inclined in that direction. [REDACTED]

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